

1 The Transition, Children and Women



This Report is the sixth in the series of Regional Monitoring Reports from the MONEE project of the UNICEF International Child Development Centre. It focuses on the rights of women and changes in their well-being since the collapse of communism in the 27 countries of Central and Eastern Europe and the former Soviet Union. A better understanding of the status of women in the context of the transition is crucial for advancing human development in the region.

Women are important as economic and social actors and as agents of change. Women are vital participants in the economy through paid and unpaid work and vital contributors to political life and individual endeavour. They play a pivotal role in child welfare and a central role in family, social and community life – areas in which development is essential to the future of the countries in transition.

Under communism, the state became the main social institution in these countries, marginalizing the function of the market, the family and other civic institutions. In so doing, it became the dominant arbiter and official enforcer of social norms and values, including those around gender equality. The communist state espoused an egalitarian ideology and enshrined equality rights in legislation, but its promise was unfulfilled in the daily lives of women. With civil society weak and the family shut in against the state, there was little space for women's equality to develop and grow from the grassroots.

There are some important areas where the status of women was relatively enhanced under communism. These command economies promoted equal education and high employment for women, as well as generous and comprehensive childcare and maternal health services. This investment in women was probably motivated more by economic necessity than by social justice, but the outcome was a concrete advancement for women.

The economic, social and political transition in the region has shattered the state monopoly on gender equal-

ity and exposed women to a wide-open environment where the conditions for equality are quite different, a territory rich with possibilities but not without risks. In some ways, the transition process has cut into the employment and social welfare gains of women – a regression often linked to the sudden and significant shrinkage in the role of the state. In the gap between the retreat of former regimes and the development of democratic society, there is room for concern that the commitment to women's full participation in society that is required from a broad coalition of actors may fail to materialize.

Nevertheless, this Report is presented in the spirit that women have much to gain by the transition to market economies and democratic governments – as individuals, as workers and mothers, as family and community members, as women in association, and as a political force. It is important to raise the alert about new risks to women that have emerged in the transition, but it is equally important to focus on the rewards of conquering these challenges.

This chapter provides an overview of the transition and updates some of the trends described in previous Regional Monitoring Reports to highlight the larger economic, social and political context behind the changes in women's lives. It is followed by five thematic chapters that explore women in the transition. These are related to the labour market, family, health, violence against women, and participation in decision making.

In this chapter, Section 1.1 looks at the region from a human development perspective which weighs both economic and social welfare. Section 1.2 maps out the economic changes taking place in the region. Section 1.3 explores social trends. Section 1.4 reviews commitments to women's rights, the overarching theme of the Report. As with earlier Regional Monitoring Reports, attention focuses on changes that have taken place since 1989, the pre-transition benchmark used by these Reports. ■

1.1 The Region in a Human Development Perspective

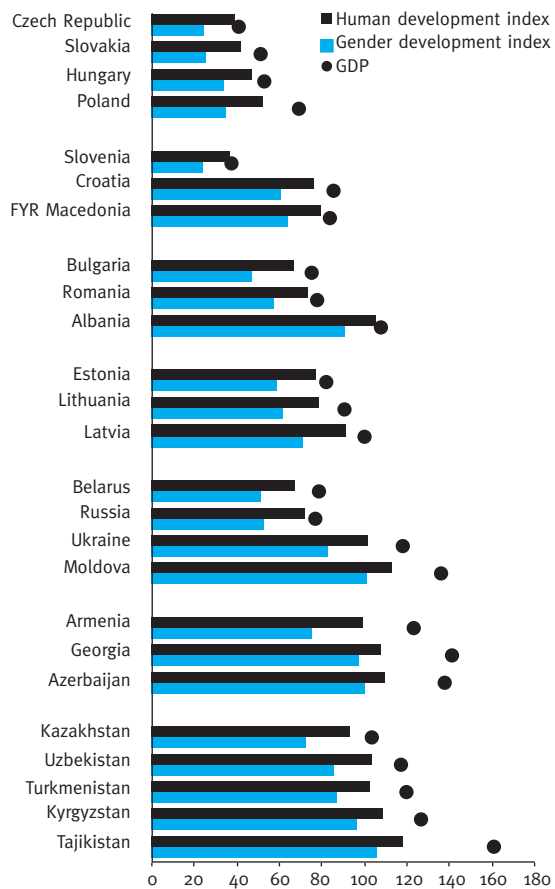
In 1989, 154 million women, 135 million men and 122 million children were living in the part of the world now constituted by Central and Eastern Europe, the Baltic countries and the Commonwealth of Independent States (CIS). The transition to market economies and democratic governments in this region covers a huge geographical area and a

population base that is characterized by diversity and disparity both within and among countries. Sometimes the differences are so great and the circumstances so divergent that questions must be raised about the extent to which these countries form a region and about what links them together. The answers lie in the common heritage embed-

ded in the institutions and structures during the shared history of the past several decades and in the goals set for the transition. This introductory section maps the overall

development level of the region using aggregate statistical measures that embrace the main aspects of development.

Figure 1.1



Development ranking of transition countries, 1995
Sources: UNDP (1998a); direct communication with UNDP.

Note: See Box 1.1. GDP is per capita and adjusted using purchasing power parities. The index classifies the world's countries from the best (rank 1) to the worst (rank 174). No figures are available for Bosnia-Herzegovina and FR Yugoslavia.

Human development rankings

The Human Development Index (HDI) of the UNDP was created to measure human progress in more than narrow economic terms. As Box 1.1 describes, the HDI provides a broader measure of development by combining an income indicator (per capita GDP expressed in purchasing-power parities) with two “human capability” measures (a health and an education index).

The 27 countries of the transition region, grouped in the seven sub-regions conventionally used by the MONEE project, are introduced below. Figure 1.1 shows the 1995 development rankings for 25 of the countries in an international field of 174 nations, as published in the 1998 *Human Development Report*. The black HDI column represents the distance each country falls behind the top-ranked country, that is, the longer the column, the lower the standing. The transition countries run from Slovenia at 37th to Tajikistan at 118th, with development standings generally decreasing from west to east. This picture confirms the considerable disparity among the seven sub-regions and, at times, also within these sub-regions.

The Central European countries of the Czech Republic, Slovakia, Hungary, and Poland ranked highest among the transition countries, belonging to the UNDP’s “high human development” group of nations. However, their nearest neighbours there were the more well off countries of Latin America rather than the countries of the European Union. The Czech Republic and Slovakia

Box 1.1

Measuring development

The Human Development Index was first introduced in the 1990 *Human Development Report*. Its purpose was to give a broader measure of the well-being of a nation than simply GDP. The HDI is designed to reflect three fundamental aspects of human welfare: standard of living, health and education. Currently, the index uses the following indicators to capture these elements of human development: purchasing power adjusted to per capita income, life expectancy at birth, and a combination of literacy figures and education enrolment. A country’s scores for each variable are standardized on a scale from 0 to 1. The composite index, which is intended to reflect the country’s overall development level, is calculated as a simple arithmetic average of the three scores.

The HDI is both admired and criticized. It has had a great impact on the way people think about development, breaking the exclusive hold of income-based indicators of welfare. However, critics maintain that the index measures are so basic they may miss what they strive to measure. For example, long life expectancy

does not necessarily mean people are healthy; school enrolment shows the opportunity to learn, not necessarily the level or quality of knowledge attained, and personal income is not the only factor in the standard of living. Critics question whether the simple averaging of the components is adequate and have raised the issue of the correlation among the factors and whether the transformation of indicators into scores is correct. Finally, the picture drawn by the HDI refers only to national averages and does not reflect inequality between groups in society, such as women and men.

In response, the HDI has been refined, and companion indicators developed, such as the income-distribution-adjusted index, the human poverty index, the gender empowerment measure, and the gender-related development index (GDI). Introduced in the 1995 *Human Development Report*, the GDI has the same three elements as the HDI, each adjusted for gender inequality. The greater the inequality between women and men, the lower the GDI compared to the HDI. (See the Glossary for details on the GDI.)

ranked 39th and 42nd, close to Argentina, Uruguay and Panama; Hungary was 47th, between Venezuela and Mexico, while Poland was 52nd, just before Colombia.

The HDI rankings underline the staggering disparities among the countries that have emerged from the violent breakup of the former Yugoslavia. (Only three of these countries were covered by the UNDP report.) Slovenia, at 37th, ranked best among all the transition countries, but the Former Yugoslav Republic of Macedonia fell into 80th place. Croatia's ranking also reflects the impact of the 1992-95 civil war. There is no HDI score for Bosnia-Herzegovina, as the civil war there was just ending. Similarly, 1995 data were unavailable for the Federal Republic of Yugoslavia (Serbia and Montenegro), which was under the constraints of an international embargo. Available social and economic indicators suggest that the ex-Yugoslav countries – with the exception of Slovenia – would have fallen into the medium human-development group in 1995.

In Southeastern Europe, Albania was extremely isolated before the transition. In 1995 it had the poorest development ranking in Eastern Europe at 105th, a score similar to that of China or Egypt. Neighbouring Bulgaria, at 67th, and Romania, at 74th, fell into the medium human-development cluster of nations.

The countries of Estonia, Latvia and Lithuania ranked poorly, which was surprising given that the Baltic sub-region was a highly developed area within the Soviet Union before the transition.

In the western CIS, Russia and Belarus fared relatively well (ranking close to Bulgaria and Romania, or, outside the region, Brazil, Ecuador and Turkey). Ukraine and Moldova, the other two western CIS countries, ranked closer to countries of the Caucasus and Central Asia. Uzbekistan, the most populous country in the Central Asia sub-region, was close to the area average at 104th. Kazakhstan, which is regarded in this Report as a Central Asian country, had a better ranking than the other four. Tajikistan, with the lowest standing in the region at 118th, ranked lower than Mongolia or China, but still considerably higher than Pakistan or India.

As mentioned, the HDI ranking contains measures for both economic and social development. It is enlightening to analyse the international rankings of the transition countries further with these components in mind.

Comparing economic and social development

In Figure 1.1, the black dots show the rankings the countries would have if only the economic component of the HDI indicator were considered. Ranking the 25 transition countries by GDP per capita in comparative prices would push all countries lower in the rankings. Hungary, for example, would drop six places, Bulgaria eight, Ukraine 16, Azerbaijan about 30, and Tajikistan 43. This suggests the transition countries enjoy a comparative advantage in the development of

human capabilities, such as health and education – a pattern with important implications for child development. The downward shift might also suggest the transition countries suffer a systematic disadvantage in their economic development compared to countries outside the region.

Figure 1.1 also presents the country rankings using a gender-related development index (GDI), a refined human development indicator that considers gender disparities in earned income, life expectancy and schooling (Box 1.1). Based on the GDI, as the blue columns illustrate, all the transition countries move up 10-15 places over their HDI ranking. By this measure, Slovenia and the Czech Republic overtake Portugal and approach Italy and Ireland; Hungary and Poland overtake Argentina and come close to Uruguay. This indicates that the countries in the region enjoy a systematic gender equality advantage relative to other countries. It also demonstrates that the first five years of the transition – whatever hard times there may have been – did not eliminate this comparative edge.

Two important qualifications must be added. On the one hand, a wider set of statistics suggests the HDI rankings underestimate the development levels of the transition countries in certain regards. For example, UNICEF's *State of the World's Children* ranked the countries of the region relatively higher – Slovenia 16th (1995 HDI, 37th), Croatia 32nd, Poland 36th, Russia 57th, and Uzbekistan 89th (HDI, 104th). The basis of the UNICEF ranking is the under-5 mortality rate. This effective indicator of child welfare also reflects the health and education of the mother and is a good proxy for access to basic social services.

Other evidence confirms the systematic social-development advantage indicated by the GDI and UNICEF rankings. The share of the urban population in Central and Eastern Europe is similar to that in Latin America, but access to water, sanitation and health services is considerably better in the post-communist region. Central European countries spend relatively the same on health care or education as the OECD countries; CIS countries tend to spend less, but have no fewer teachers, physicians, or hospital beds per capita. In the Central Asian countries of Tajikistan and Turkmenistan, the physicians-to-population ratios were comparable to those of Switzerland and the United States in the early 1990s.

On the other hand, more in-depth investigations and refined measurements reveal that the crude indicators of access to services often seriously overestimate the value of the services provided. Evidence for this comes in various forms. For example, the 1994 Adult Literacy Survey of 12 industrialized countries, including Poland, from the transition region revealed weak performance in functional literacy. Of Poles surveyed, 75 percent scored in the lowest two levels for the ability to locate and use information in documents, compared to 35-45 percent of persons in the Netherlands and Germany.

In other countries, reassessments of immunization records of children have revealed discrepancies in public

health services. In Kyrgyzstan, Turkmenistan and Uzbekistan, the share of valid immunizations – those carried out within the proper time intervals – is considerably lower than official immunization data imply. These findings suggest that the actual value of the capabilities-based welfare indicators for the countries may be generally lower than believed. Nonetheless, they do not necessarily impugn the HDI rankings of the countries. The HDI scores placed the region in a developing country environment in the mid-1990s. While there are few available in-depth comparisons between this region and Latin America or Asia, it is likely that countries in those regions also have problems with the effectiveness of services.

In any case, there does appear to be a greater gap in

the transition region between the efforts and resources put into social development and the results achieved. Policies and delivery systems inherited from the past are proving ineffective in the new circumstances associated with transition. This points to the need for serious reforms in the social sectors, or the transition countries risk losing their current comparative advantages in gender development and child welfare. Unfortunately, the situation since 1989 has not been very encouraging.

The large deterioration in many welfare indicators noted by earlier Regional Monitoring Reports is reflected in the changes in the HDI rankings of the transition countries between 1990 and 1995. In 1990, Czechoslovakia ranked 26th, Hungary 28th, Armenia 47th, Poland 48th,

Box 1.2

The United Nations and a rights-based approach to development

The 1995 *Human Development Report*, devoted to the issue of gender equality, stated that the objective of development is to enlarge people's choices. This involves equality of opportunity for all people in society, sustainability of such opportunities from one generation to the next, and the empowerment of people so they can participate in and benefit from development. The promotion and protection of human rights, including equal rights for women, are primary instruments for realizing these goals.

The historical roots of a rights-based approach to development are found in the aftermath of the Second World War. The 1948 Universal Declaration of Human Rights was a political response to the horrors of that war. It recognizes that all people, regardless of gender, race, language, or religion, are entitled to participate in society with rights and dignity, and it embraces a vision of global human values endorsed by the entire international community. At the same time, institutions like the International Monetary Fund and the World Bank were established to plan against the kind of economic disaster that had precipitated the war and to focus on alleviating poverty through economic growth. From these beginnings, a sophisticated appreciation of the complex inter-relationships among political, economic and social rights and conditions has evolved around the consensus that addressing the root causes of development problems is essential.

One of the most important advances has been the recognition that *de jure* equality – equality in the law – does not automatically deliver *de facto* equality. Despite legal guarantees, structural barriers and systemic discrimination continue to exclude women and other traditionally disadvantaged groups from equal opportunities. A rights-based approach to development calls for substantive equality. This approach recognizes that special measures which promote positive discrimination may be necessary to overcome long-standing barriers. It also holds that like-treatment may perpetuate inequalities, so the goal is equal outcomes rather than identical treatment of women and men. This approach strives to ensure that equality and inclusion are built into the design and implementation of services, supports, fund-

ing allocations, programmes, policies, and laws.

As instruments of international commitment, the 1979 Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the 1989 Convention on the Rights of the Child have moved forward from simply declaring rights to identifying issues that need to be addressed and the measures that need to be taken to realize these rights. The Platform for Action of the 1995 Fourth World Conference on Women identifies a set of steps to fulfil the provisions of CEDAW and dedicates a chapter to the rights of the girl child. Discrimination against women and girls in the allocation of economic and social resources is recognized as a direct violation of economic, social, political, and cultural rights.

Established in 1976, the UN Development Fund for Women (UNIFEM) has integrated a rights-based framework into its efforts to promote women's empowerment and gender equality. UNIFEM is dedicated to building stronger women's organizations and networks and, in recent years, has focused on how women can use CEDAW and the 1995 Platform for Action to advance their positions.

CEDAW, the Platform of Action and the Convention on the Rights of the Child have shaped UNICEF's 1996 Mission Statement "to work on the rights of children in general, the rights of girls in particular, as well as the rights of women and the promotion of gender equality at all stages of the life cycle". UNICEF has arrived at a rights-based approach to development through decades of practical work on the ground. In the 1960s-70s, UNICEF learned the effectiveness of targeting support to women in order to reach children. This women-and-development approach focused on women as agents of child welfare. In the 1980s, UNICEF recognized that tactical actions were often ineffective and inefficient without broader political and economic support. In the early 1990s, framed by the World Summit for Children, UNICEF explicitly shifted to a rights-based "gender-in-development" philosophy. This approach holds that meeting the human rights of women and children is essential for development to occur and that gender discrimination often impairs the ability of women and children to exercise their rights.

Bulgaria 40th, Kazakhstan 54th, and Tajikistan 88th. The comparison over time is not straightforward: it is affected by the higher number of countries included, changes in calculating methods, and weaknesses in GDP estimates for the initial transition period. Nonetheless, the change in HDI rankings from 1990 to 1995 is often staggering, for example Russia falling from 37th to 66th place.

The main reason for the downshift in development in the region in 1990-95 was the fall in economic output. The inefficient, non-market production system inherited from the communist past simply could not meet the needs of the emerging marketplace. The result was a pronounced devaluation of national outputs on the world market. The relative HDI rankings of the transition countries also fell because indicators measuring human capability have been tending to drop in the region during the 1990s, while countries in other parts of the world are making progress. As later sections highlight, there has been an

absolute deterioration not only in economic, but also in health and education indicators in the region, mainly but not exclusively in the former Soviet Union.

The transition countries face the challenge of advancing a balanced and integrated agenda of economic and social development that will bring the desired prosperity and well-being to the region. There are many differences and disparities across the region, but this important political challenge is common to all countries. The comparative advantage the countries enjoy with the gender and children's indices provides a good foundation for a human rights-based approach to development – an approach increasingly undertaken by international organizations (Box 1.2) and among the advanced countries in different parts of the world. Rights-based development aims to promote the growing equality of opportunity among people and nations.

1.2 Changes in the Economy

Changes in the economy have been high on the reform agenda of the region – macro-economic stabilization, development of the market and integration into the main economic institutions of the world. This thrust is welcome from the perspective of the rights and well-being of women and their families. Economic output and entrepreneurial freedom are essential for meeting development needs and enlarging people's choices.

The international comparison in the previous section illustrates that the transition countries are relatively weak in the economic dimension of human development. However, it is important to note that, since 1995, the returns of economic reforms have become more apparent.

Uneven recovery in outputs

The cumulative changes in real GDP during the transition period are shown in Figure 1.2 using official data on measured output for 26 of the 27 countries. The figure illustrates both the large falls that took place after 1989 and the current status of economic recovery in the region.

The large black dots below the horizontal axis in the diagram show the maximum extent of the contraction of these economies since 1989. It is clear that all the countries portrayed underwent a considerable regression in economic output. The biggest drops occurred in former

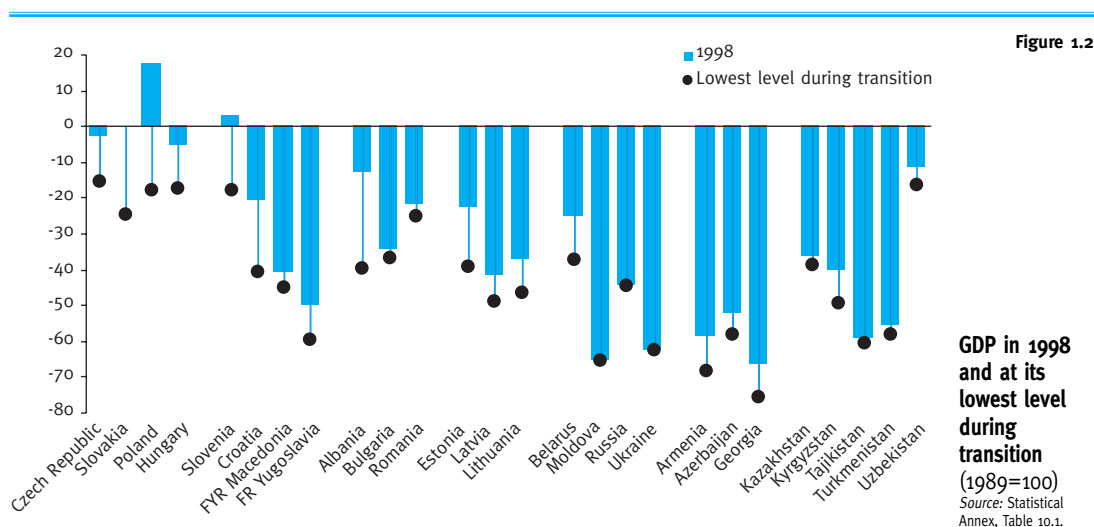


Figure 1.2

GDP in 1998 and at its lowest level during transition (1989=100)
Source: Statistical Annex, Table 10.1.

Yugoslavia (with the exception of Slovenia) and in the Baltic and CIS countries (with the exception of Uzbekistan). In Central Europe, Slovenia and Romania, economies contracted by 15-25 percent. Output fell by 35-45 percent in the rest of the Balkans and by almost 60 percent in FR Yugoslavia. There were no data available for war-torn Bosnia-Herzegovina.

The blue columns in Figure 1.2 indicate the current status of economic recovery, that is, how much the 1998 GDP falls short of or exceeds the 1989 level. (The European Bank for Reconstruction and Development, EBRD, estimated the 1998 figures.) It is clear that most countries have rebounded, but still fall short of 1989 levels.

Only Poland and Slovenia have increased the size of their economies; Slovakia has only just recovered, while both the Czech Republic and Hungary are slightly below the 1989 levels. The economies of Central Europe bottomed out around 1992-93, and of the Baltics and most

CIS countries around 1994-95. In contrast, the economies of Ukraine and Moldova are still on a downward slide, and Russia was hit with a new economic crisis in 1998. It is unclear how the violent events in the Balkans that erupted in spring 1999 and that have taken a heavy human toll are going to set back the economic situation in FR Yugoslavia and neighbouring countries.

The GDP figures presented in Figure 1.2 may well underestimate the real size of the economies in the region, given the substantial growth of the informal economy, as Box 1.3 discusses. Still, it is clear GDP fell substantially across the region during transition. Moreover, the growth of the informal sector does not necessarily have positive effects on human development and welfare. For example, lawful employment provides access to social security entitlements, limits on working hours, and safety and other protective regulations. Moreover, the growth of the informal sector is often associated with illegal activities, including organized crime.

Structural changes and reforms

Changes in economic output levels across the region have been accompanied by major structural shifts. In Central Europe, Slovenia, Croatia, and the Baltic States small-scale private enterprises in the service sector have played an important role in the recovery. Large-scale privatization of state enterprises has also moved the transition forward. In some cases, most prominently in Hungary, this progress has been driven by substantial direct foreign investment. (See Statistical Annex, Table 10.4.)

In Albania, Armenia, Georgia, and Kyrgyzstan, agriculture, mostly family farms, has helped spur economic renewal. Indeed, agriculture is once again more important to the economy than industry as many large state-owned factories are paralysed or shut down. In Georgia, for example, agriculture accounted for 28 percent of GDP in 1997, compared to 15 percent for industry and construction and 22 percent for trade. In Albania, Armenia and Kyrgyzstan, agriculture now makes up one-third or more of the economy (Statistical Annex, Table 10.3).

In the other half of the region, the direction of the change is less clear. In some countries, such as Russia, Azerbaijan, Kazakhstan, and Turkmenistan, the huge energy and mining industries built up to serve a bigger economy now target export markets. However, inadequate infrastructure and transportation are a problem, especially in the last three countries, but anticipated foreign investment could ease that difficulty. Some CIS countries, like Belarus, continue to draw on Russian energy and raw materials. Others, like Uzbekistan, have pursued a gradualist reform strategy, building upon the industrial and agricultural capacity inherited from Soviet times. These strategies have helped offset the fall in economic output in the short term, but their potential for long-term economic growth remains uncertain.

In Russia, the export of energy and mineral resources may have softened the economic shocks of transition, but it has also contributed to delays in tax reform and enterprise restructuring. Corporate taxes, cross subsidies through low energy prices, the delayed payment of energy bills, and credit operations have all helped sustain production and consumption levels. This consolidation strategy collapsed in 1998, following the sharp fall in oil prices on the world market and a more cautious environment in international lending sparked by wildfire recession in East Asia. Earlier projections on economic growth for Russia have been adjusted downward, raising fears of a prolonged economic recession that may destabilize the region.

Figure 1.4 illustrates the level of reform achieved in the region. The figure shows the estimated share of the private sector in GDP, as well as a score which is a composite average of indicators that have been developed by the EBRD to measure economic transition. (A score greater than 4 indicates full marketization.) The chart confirms the link between private-sector development and market-oriented reforms. It also shows that many countries still lag considerably. Nevertheless, there are some areas – like trade and the privatization of smaller enterprises and ventures – where most countries had made important progress by 1998.

Box 1.3

Estimates of the size of the informal economy in the transition region

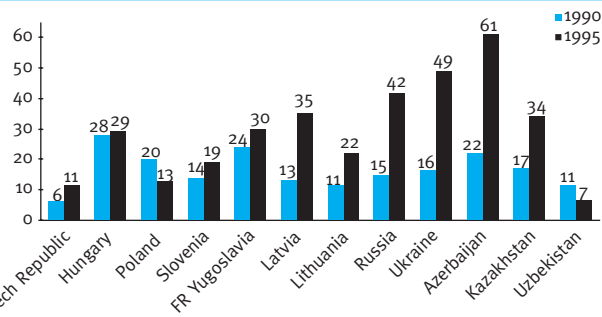
One prominent feature of the transition economies has been the growth of the informal sector and its associ-

ated labour markets. Figure 1.3 reports the estimated size of the informal sector in a selection of transition economies based on energy usage, which has not decreased in line with reported economic output. (Reduced energy efficiency may also play a role in energy-use figures in countries with abundant nuclear power, like Ukraine and Russia, or in oil-rich Azerbaijan.) The growth of the informal sector appears to be most pronounced in Russia, Ukraine and some other countries of the former Soviet Union. It is a worldwide experience that this “grey” activity grows in response to punitive tax systems and costly and sometimes corrupt bureaucratic procedures.

Figure 1.3

Estimated size of the informal sector, 1990 and 1995 (percent of GDP)

Source: Johnson, Kaufman and Schleifer (1997).



Large gaps in employment and wages

People mainly experience the impact of economic reform as a change in paid employment and in what wages can buy. Falls in economic output across the region have also entailed large drops in real wages and pressure on employers to reduce their workforces. These effects have been amplified by the need to improve labour productivity and to reduce the over-staffing and labour hoarding common in the former planned economies. This suggests that, even when GDP recovers, employment levels and real wages may not, as illustrated in Box 1.4.

Big losses in real wages were, moreover, accompanied by considerable increases in measured wage differentials in all countries for which data were available. (See Statistical Annex, Tables 10.8 and 10.12.) The Gini coefficient, a common measure of the extent of inequality, rose on average by one-third in Central and Southeastern Europe and by one-half in the former Soviet Union (where some countries, such as Russia, had a high degree of earnings disparity by OECD standards before transition).

Overall, the number of jobs lost in the region since 1989 has been estimated at 26 million – 13 percent of the initial level. As Figure 1.6 shows, employment has declined in 23 countries of the region during the 1990s,

remained stable in Azerbaijan, and increased in Turkmenistan and Uzbekistan. Some countries, notably in the western CIS, the Caucasus and Central Asia, have endeavoured to protect employment levels in the face of plunging GDP. Workers accept even low-paying jobs or periodic employment because these offer them access to social security, employee benefits and social ties.

The emergence of significant unemployment is a relatively new phenomenon in the region after decades of central planning and policies of full employment. The number of registered unemployed grew from about one million in 1989 (found mostly in the southern states of communist Yugoslavia) to eight or nine million by 1993-94 following the first waves of economic reforms. Three-

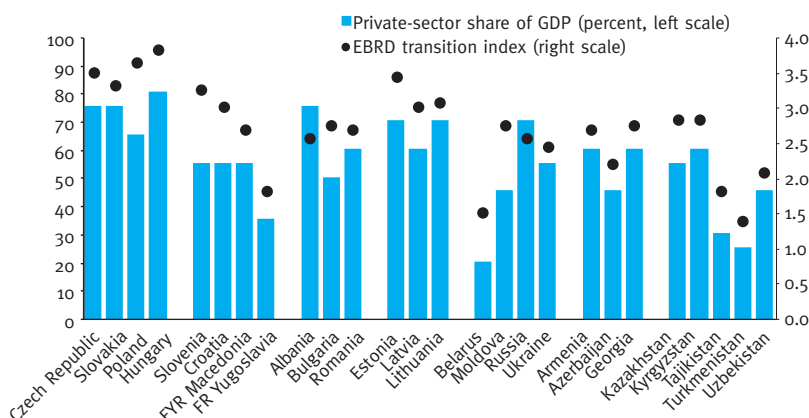


Figure 1.4

Progress in economic transition, 1998

Source: EBRD (1998), Table 2.1.

Two patterns of change in GDP, employment and wages

Box 1.4

There are two distinctive patterns of change in the region related to GDP, employment and real wages. Hungary represents the trend in Central Europe and some other countries where the drop in economic output has been relatively moderate and a steady recovery has been under way for some time. In Hungary, GDP has almost recovered, but less so real wages, and not so jobs. The number of jobs in 1997 was 71 percent of that in 1989, and these jobs paid a per-earner wage worth 23 percent less in real terms. Higher labour productivity – reflected in the widening gap between Hungarian GDP and employment in Figure 1.5 – has improved the prospects for economic growth, but the price has been two-digit unemployment rates since 1992. The data suggest that economic recovery has been more effective in raising wages than in creating new jobs. Hungary, like some other countries leading in economic reform, faces problems associated with high unemployment, such as growing social exclusion.

In Azerbaijan, the pattern is characteristic of countries, mostly the CIS, where

declines in GDP were so abrupt and large that a similar, or bigger, cut in employment was politically untenable (and often demographic factors also put pressure on employment). So, Azerbaijan shows a huge fall in GDP and in real wages that bottomed out in 1995 and has recovered only slightly since. Meanwhile, employment has remained constant, which means labour productivity per employee has crashed. The result is much less overt unemployment, but much lower real wages (see the dotted line in the graph) and a big rise in the number of working poor.

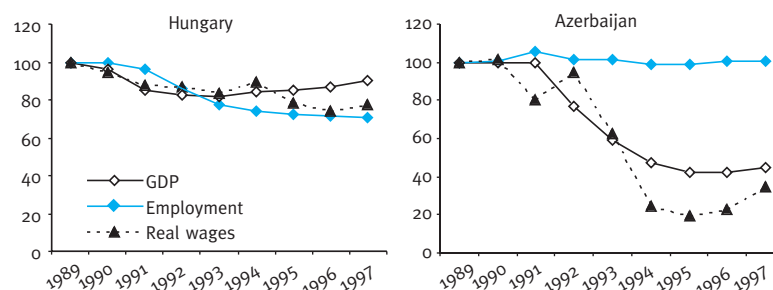


Figure 1.5

Change in GDP, employment and wages in Hungary and Azerbaijan, 1989-97

(1989=100)
Source: Statistical Annex, Tables 10.1, 10.8, 10.9.

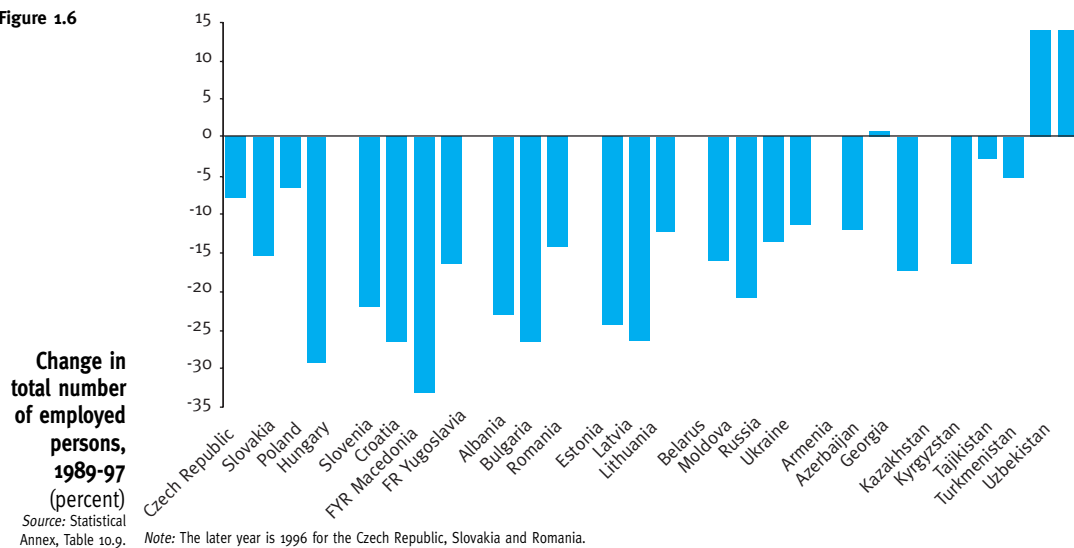
Note: Employment refers to the total number of persons employed. Wages refers to real wages.

quarters of these people were registered in Central Europe and in the Balkans. Currently, the number of registered unemployed is estimated at more than 10 million across the 27 countries of the region, about six million of whom are women. The ratio of women among the registered unemployed is around 50 percent in Central and Eastern Europe and exceeds 60 percent in Ukraine, Belarus, Russia, Armenia, and Kazakhstan.

steadily in Russia, with no signs of stabilizing or recovering. The number of jobs shrank by 14 percent between 1989 and 1997. The registered unemployment rate is still low, around 3 percent. Official estimates, using international standards, put the actual rate at more than 9 percent in 1997. Unregistered unemployment is common across the CIS, where labour market institutions are weak or lacking.

The evidence suggests, therefore, that most countries

Figure 1.6



are still having difficulties improving labour productivity without aggravating macro-economic and social problems. In 1997, registered unemployment increased in 13 of the 24 countries for which recent data were available, and in six countries this followed temporary improvements. (See Statistical Annex, Table 10.10.)

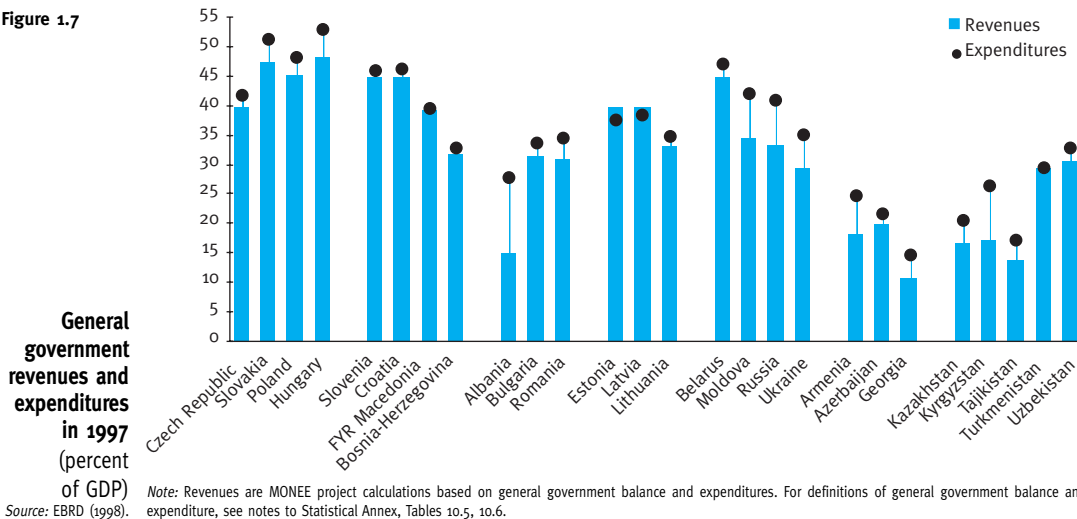
The example of the countries leading in economic reform in the region shows that stimulating the growth of small- and

medium-sized enterprises is strategically important to improving productivity and reducing unemployment. By providing an alternative to big companies, it also helps tackle the political and economic gridlock occurring at the level of large institutional employers. Studies have shown that self-employment and small ventures have played an important role in cushioning the welfare impact of enterprise restructuring in Poland. In Hungary, the growth of micro-enterprises employing less than 10 persons, often family businesses, is seen as key to a sharp increase in labour productivity. In 1995, the small-enterprise sector provided 44 percent of GDP and employed about one-third of the workforce. In contrast, the small-enterprise sector accounts for about 10 percent of employment in Russia, and in several CIS countries even less.

Although unemployment has stabilized or increased at a slower pace in recent years, employment prospects have generally remained dim. Further macro-economic adjustments, enterprise restructuring and other changes meant that more people were driven out of jobs in the Czech Republic and Slovakia in 1997. That same year, GDP fell by 7 percent in Albania following financial frauds and civic strife, and Romania saw a similar drop in output associated with efforts to speed up reforms. In Bulgaria in 1996-97, real wages fell by one-third, and registered unemployment rose from 11 to 14 percent. In FR Yugoslavia, one-quarter of the workforce was registered as unemployed in 1997, and about two-fifths in Bosnia-Herzegovina and FYR Macedonia.

Employment has declined relatively slowly but

Figure 1.7



Declines in government revenues

One of the biggest and most important challenges facing the countries in transition is to be able to collect enough taxes to meet essential public spending requirements and so avoid growing fiscal deficits. The social upheaval associated with the transition process in many countries has put governments under enormous pressure to

keep expenditures at a level that will prevent widespread poverty and preserve social order and cohesion. However, at the same time, the combination of severe recession and deeply flawed tax systems has led to a large decline in government revenues. The result has been persistent fiscal imbalances in most countries of the region. Estimates for 1997 (see Statistical Annex, Table 10.5) showed that, with few exceptions, governments in transition countries were running budget deficits and that, in many cases, the deficits were large relative to the size of the economy.

Since one of the purposes of the transition is to reduce the pervasive role of the state, a decline in government revenues and spending (as a percentage of GDP) is not necessarily a bad thing. However, in a number of countries, the decline in government revenues has been so large, it has impaired the functioning of vital state institutions and made the reform of institutional arrangements extremely difficult. Figure 1.7 shows government revenues and expenditures expressed as a percentage of GDP for each country.

The unweighted average of the ratio of revenues to GDP in 1997 was less than 30 percent in the CIS countries. It was close to 40 percent in Central and Eastern European countries. While the general pattern of a close association between low revenues and high fiscal deficits is apparent, there are exceptions. Russia and Moldova, for example, collect a relatively high share of revenues, but their deficits are among the highest in the region because their expenditure levels are closer to those of Central Europe rather than other CIS countries. Here, as in a number of countries, the decline in expenditures has been brought about by artificial means, including arrears in public-sector payments, wages and pensions. Persistent fiscal imbalances associated with insufficient revenue collection jeopardize macro-economic stability and output recovery, as the recent crisis in Russia illustrates. Box 1.5 focuses on some of the underlying causes of weak government-revenue performance, particularly in many CIS countries.

Box 1.5

Tax collection and reforms

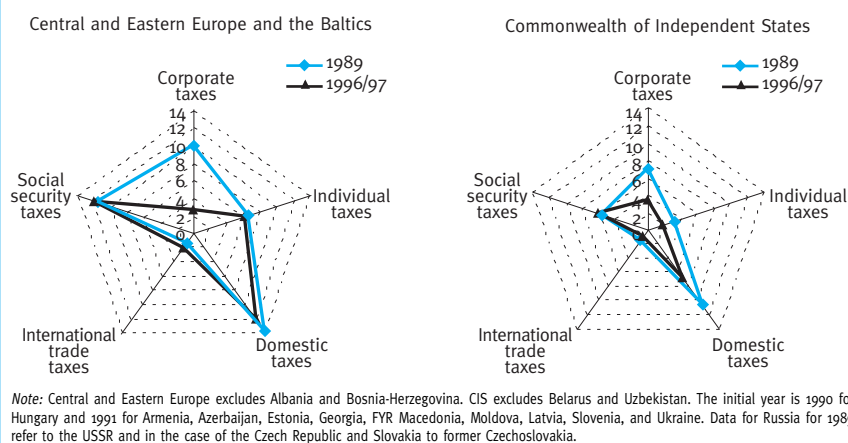
The structure of government revenues shows characteristic differences between countries in Central and Eastern Europe and those of the CIS. These differences help explain lower revenue collection in the CIS. Overall, as Figure 1.8 illustrates, taxation has shifted away from the corporate sector, but this shift has been far less pronounced in the CIS. In Central and Eastern Europe, the combined share of enterprise-profit taxes and domestic taxes on goods and services fell from 62 percent of tax revenue in 1989 to 41 percent in 1997. Moreover, with the exception of Albania, personal income taxes have not declined as a share of GDP, and the decline in indirect domestic taxes, like the value-added tax, has been marginal. Hence, almost the entire drop in tax revenues represents a fall in tax revenues on corporate profits.

For a variety of reasons, the CIS continues to exhibit a much greater reliance on the corporate sector. Countries slow to reform, such as Belarus, Turkmenistan and Ukraine, still raised over 6 percent of GDP in 1997 from corporate income taxes, compared to an average of less than 3 percent in advanced transition countries. In the context of the low income-generating capacity of state-owned enterprises, the failure to shift the tax base away from the corporate sector has contributed to the decline in revenues.

There is no easy solution to the problem of tax collection in transition economies, but there are two significant areas where changes can bring substantive progress. First, the tax systems of the transition economies, particularly in the CIS, can reduce their reliance on corporate taxation and put more emphasis on personal

income and expenditure-based taxes. These taxes need to be carefully designed to mitigate against any negative impact on consumer demand and low-income households. A simple broad-based tax structure with reasonable rates is particularly important for the success of small businesses and entrepreneurs who do not have the resources to manipulate complex tax structures to their advantage.

Second, changes in the structure of the tax system must go hand in hand with more transparent tax administration. In many countries, the definition of the tax base is problematic. Taxes are prone to being changed arbitrarily on short notice and are sometimes applied retroactively. This capricious environment encourages the owners and managers of firms to find ways to avoid paying taxes. Research has shown the strong correlation between distortional tax systems with excessive regulations and the size of the unofficial economy. Simply put, companies and individuals are more willing to pay taxes, and hence revenue will be higher, if the tax system is seen as simple, transparent and fair.



A number of countries have made significant reforms to their tax systems, and in some cases these changes are already bearing fruit in terms of higher government revenues. Additionally, there is room for more efficient spend-

ing, particularly on social transfers, as tight expenditure management will continue to be crucial. Social reform, therefore, is an integral part of economic change. ■

1.3 Social Trends and Reforms

Social issues have generally received less attention than economic problems during the transition. The timetable for reform and the associated social costs have generally been underestimated. Social systems that delivered positive benefits in the past have turned out to be inefficient or difficult to sustain under the new conditions. Reduced revenues have paralysed rather than inspired governments to carry out social reforms. Considering the inheritance of the past, there is a tremendous amount of work to be done to strengthen the responsibility and the capacity of individuals, families and civic society to act as partners in health, education and social protection services. The need for action is urgent, as the human costs of the transition have been high.

Poverty and social dislocation have hit hard

Before transition, poverty was limited in the region. Access to employment and basic health and education services was easy and widespread; income security was high, and disparity moderate; social supports included universal pensions, generous family benefits and childcare subsidies and services.

The falls in GDP, employment and real wages that have characterized the transition mean that rising poverty must have affected a large part of the region's population. Measuring the increase in poverty is, however, not clear-cut. The results depend on the definition of poverty used and on the availability of adequate statistical surveys. A study relying on a poverty threshold of US\$4 per day concluded that, in 1993-94, about 120 million people – almost 30 percent of the 414 million in the region – lived in poverty, compared to 13.6 million in 1988-89. According to this estimate, 30-40 percent of the population were living in poverty in Bulgaria, Estonia, Russia, Ukraine, and Uzbekistan, about half the population was poor in Kazakhstan, Lithuania and Turkmenistan, and about three-quarters in Kyrgyzstan. According to the same poverty threshold, only a small percent of Czechs, Slovaks, Hungarians, and Slovenians would appear to be poor. However, other studies, using different poverty lines, suggest poverty has increased to sizeable measures in Central Europe.

Increased unemployment or wage disparity implies that income inequality among households is also growing,

unless mitigated by public transfers. Experts agree that the gap between rich and poor has widened in the region, but in Central Europe has remained within the range of OECD economies. At the same time, inequality in household income has risen to very high levels in several countries of the former Soviet Union, including Russia, and is comparable to that found in some South American countries. There are signs the growth in income disparity is abating in some countries, such as Estonia, Lithuania and Russia, but still remains high. Income inequality continues to expand slowly in countries, like the Czech Republic and Hungary, where increasing disparity was contained in the early transition period. (See Statistical Annex, Table 10.13.)

The appearance of widening income disparity calls into question how equitably the fruits of economic growth will be shared. In Poland, which shows the strongest economic recovery in the region, the poorest 20 percent of the population claimed 9 percent of total income in 1989; by 1997 this share had declined to 7 percent. So those who had little before now have less.

Available evidence suggests families with children have suffered greater income losses than households without children. In Russia, for example, an estimate using data from the Goskomstat showed that 37 percent of families with two children, 50 percent of families with three children, and 72 percent of families with four or more children were below the official poverty line in 1997. By comparison, 17 percent of pensioner households were living in poverty. Another study, using data from the Russia Longitudinal Monitoring Survey, found that the real income of pensioner households improved by more than 6 percent, while that of families with two or more children deteriorated by 34 percent between mid-1992 and late 1996. Similar trends have been reported in Central Europe.

A 1996 survey in Armenia found that the presence of a child increases the risk of extreme household poverty by 7 percent, independent of any other factors. Households twice the average household size have twice the risk of being extremely poor. Box 1.6 uses the case of Bulgaria to illustrate how falling income and greater income disparity affect food consumption among various population groups.

Box 1.6

Inequalities in the consumption of protein-rich food, by income, in Bulgaria

The consumption of protein-rich products like milk and meat has declined steadily during the transition in Bulgaria. A decrease in per capita consumption was first noted in 1991 following price liberalization. The consumption of milk and yogurt has continued to decline, while a slight increase in meat consumption in 1992 has reversed.

Data from the 1992-97 Household Budget Survey show that not only has the average consumption of milk, yogurt and meat decreased, but the disparity in consumption has widened. In other words, most people are eating less protein, but the poor are eating far less. For example, the annual per capita consumption of meat dropped from 19 kilograms to 7 kilograms among the poorest 10 percent of the population, and from 56 kilograms to 37 kilograms among the richest 10 percent. So, the consumption gap has grown, as Table 1.1 illustrates: the richest went from eating three times as much meat as the poorest in 1989 to eating five times as much meat in 1997.

The overall decline in milk and yogurt consumption and the increase in disparity have been especially pronounced in recent years. The per capita consumption of milk and yogurt was 78 kilograms in 1992, already one-third less than it had been at the beginning of the 1990s. Among the richest 10 percent of the population, consumption was 96 kilograms, 1.6 times more than it was among the poorest 10 percent. By 1997, yearly consumption by the highest income group (87 kilograms) was almost four times that of the lowest income group (22 kilograms). Since there are three times more children on average in the lowest income group than in the highest, as Figure 1.9 shows, children are disproportionately affected.

Before transition, milk and yogurt were affordable across the Bulgarian population and were commonly used to make up for inadequate access to other foods.

The sharp drop in consumption among lower income persons that became even worse by 1997 raises real concerns about the health and nutrition of a significant share of the Bulgarian population, particularly children.

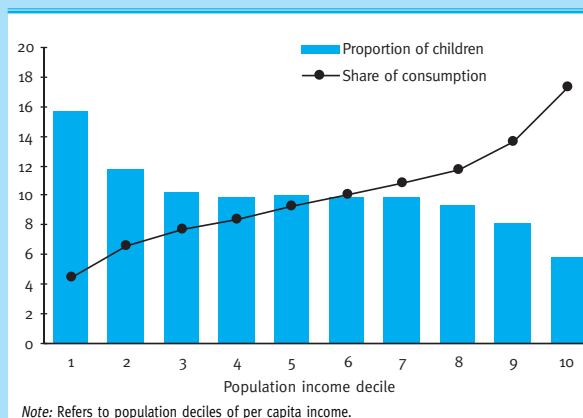


Figure 1.9

Share in total consumption of milk and yogurt and proportion of the total number of children, by income decile, Bulgaria, 1997
Source: NSI (various).

Note: Refers to population deciles of per capita income.

Table 1.1

Per capita consumption of meat, milk and yogurt in low- and high-income groups, Bulgaria, 1992-97 (kilograms)

	1992	1993	1994	1995	1996	1997
Meat						
first decile	19.0	16.9	14.0	12.6	12.0	7.4
tenth decile	55.5	54.7	44.4	45.4	45.6	36.8
ratio	2.9	3.2	3.2	3.6	3.8	5.0
Milk and yogurt						
first decile	61.7	43.0	40.1	30.5	32.1	22.4
tenth decile	96.0	94.0	101.0	98.4	93.5	87.1
ratio	1.6	2.2	2.5	3.2	2.9	3.9

Source: NSI (various).

Note: Refers to average annual per capita consumption and population deciles of per capita income.

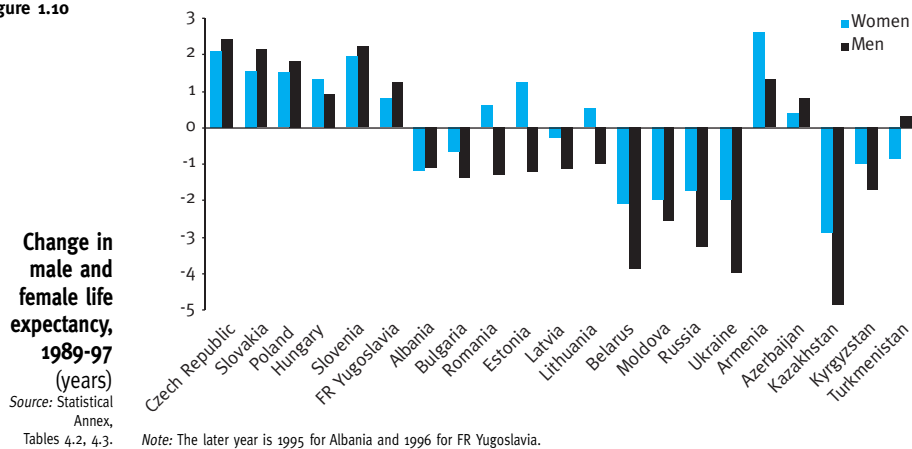
Finally, it should be noted that hostilities and ethnic clashes have created a particular type of poverty related to the presence of refugees or internally displaced persons. In most countries experiencing this problem, hundreds of thousands of people have been living in abject conditions for several years now. For example, although hostilities had come to an end in Georgia by the mid-1990s, nearly 300,000 people were still registered as displaced in 1997. Children under age 16 accounted for one-third of these people. Women, mostly of working age, made up 53 percent. A survey in the capital, Tbilisi, found that one-third of the displaced families had no regular income. Many displaced persons have been compelled to migrate, mostly to Russia or other CIS countries, where their citizenship status is unclear and their prospects dim. In Russia alone, the number of refugee or displaced children has reached 300,000, according to estimates from the

Federal Migration Service. International aid, which has been considerable, can only lessen the problem of refugees and displaced persons to a degree. Recent tragic events in the Balkans demonstrate that the region is still vulnerable to ethnic conflict and violence.

Changes in life expectancy and adult mortality

At the end of the 1980s, male life expectancy was relatively low in the region, varying from 62 years (Turkmenistan) to 70 years (FYR Macedonia, Bosnia-Herzegovina and Albania), with heavily industrialized countries in the middle of the range. Female life expectancy showed less variance, with Turkmenistan the only country below 70 years (68.4 in 1989). In nine countries – Albania, Bulgaria, the Czech Republic, Georgia, Latvia, Lithuania, Slovakia, Slovenia, and Ukraine –

Figure 1.10



female life expectancy was above 75 years; Slovenian women averaged almost 77 years.

Deterioration in life expectancy, especially among men, was an unanticipated and shocking outcome of the transition. In 22 of 23 countries on which time series are available, life expectancy has worsened during the 1990s. In many cases, the decline has been small and only temporary; in others, like Russia, the drop has been large and more difficult to reverse. In 1997, life expectancy worsened or did not improve in Southeastern Europe, Estonia, Belarus, Moldova, Ukraine, and Turkmenistan – about one-third of the countries for which data were available.

Figure 1.10 shows the difference in life expectancy in 1997, compared to 1989, for women and men across the region. The data suggest an improvement in Central Europe, but considerable worsening elsewhere, especially among the male population of the western CIS and Central Asian countries. Kazakhstan, Belarus, Ukraine, and Moldova currently seem to be most affected by a mortality crisis, with men dying three to five years earlier than the average before the transition. In these countries and in Albania, Bulgaria, Latvia, Kyrgyzstan, and Turkmenistan, women's life expectancy is down by one to three years. Over the full transition period, life expectancy declined

most in Russia, dropping 6.6 years for males and 3.2 years for females by 1994. More than 1.5 million people died over and above the numbers anticipated on the basis of pre-transition age-specific mortality rates. Since 1995, life expectancy in Russia has been rising again, although it is far from recovering to 1989 levels.

Notably, increases in mortality have hit young and middle-aged men harder than the usual vulnerable populations – children, pregnant mothers and the elderly. Most of the “excess” deaths are due to cardiovascular and circulatory diseases and accidents and violence, causes that were already responsible for a significant part of adult mortality. Women and children are likely also to be adversely affected by this trend of men dying in their prime – losing husbands, fathers and breadwinners and enduring the ill health of a family member and, perhaps, increased alcohol use or violence and the stresses associated with all these circumstances. An examination of mortality in the region underscores the influence of both economic and social environments on health.

Figure 1.11 uses GDP as a proxy indicator to illustrate the importance of economic factors in adult male mortality in the region. The graph presents the way changes in GDP and in mortality among men aged 40-49 have correlated over the transition period. The diagram shows that, in many countries where GDP declined 20 percent or more from 1989 levels, mortality has also increased, sometimes enormously. There are other countries – Georgia, Tajikistan, Armenia, FR Yugoslavia – where GDP has declined greatly, but male mortality has not greatly increased or has even decreased. This suggests that non-economic factors, such as social cohesion created by strong family ties and ethnic pride, may have had a mitigating effect.

Figure 1.11

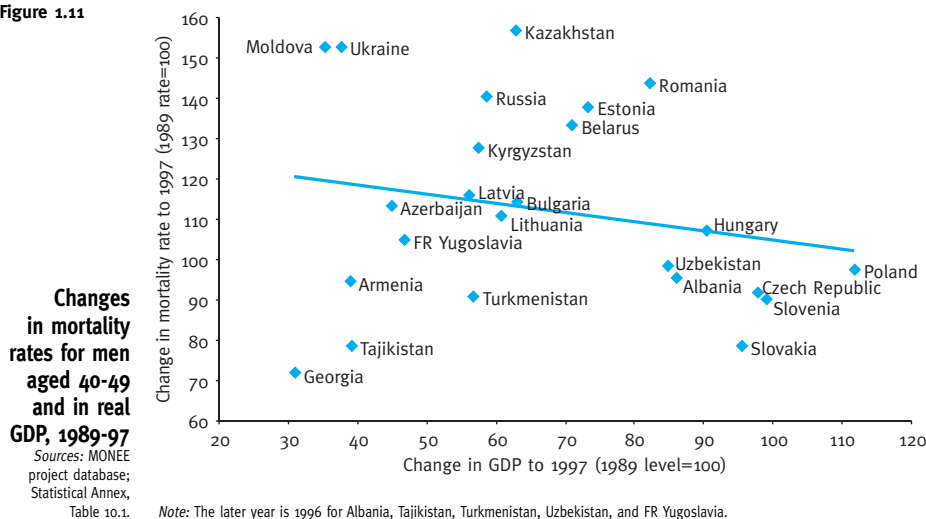


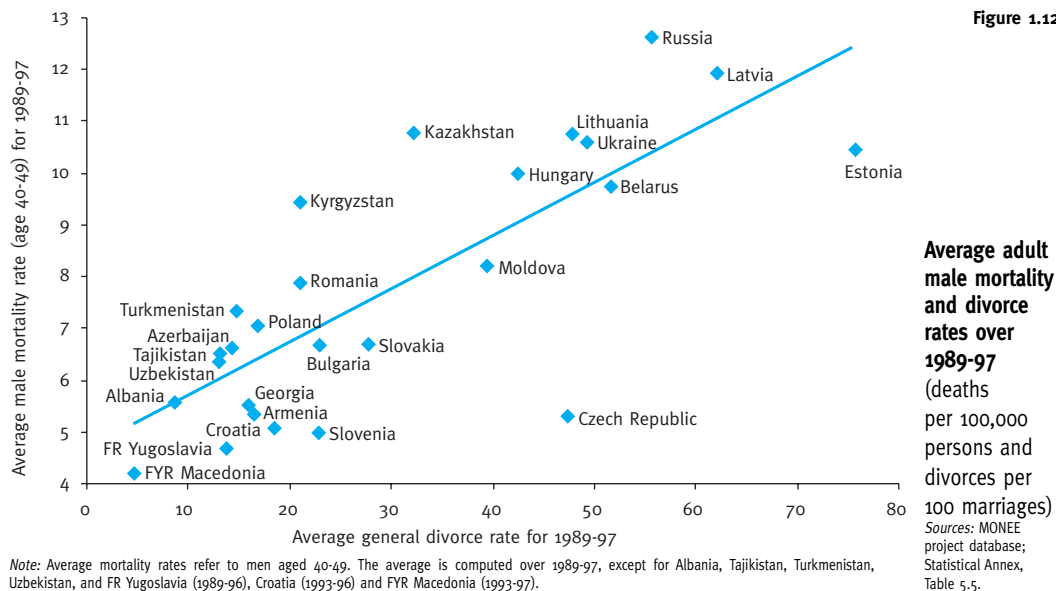
Figure 1.12 uses the divorce rate as a proxy indicator to illustrate the importance of social factors in adult male mortality during the transition. It shows the correlation between the mortality rates among men aged 40-49 and the general divorce rate across the region. (This figure compares the average level of the rates themselves – the incidence of death and the number of divorces per marriages – over the period.) The graph demonstrates that high mortality rates have occurred in countries with high divorce rates, while low mortality rates have coincided with low divorce rates. It is a worldwide experience that divorced, widowed and unmarried adults – males more than females – are at higher risk of premature death than are those

sharing a roof with others. This confirms that strong personal and social bonds influence health and may counteract the deleterious effects of reduced income, deteriorating material conditions, insufficient housing, and inadequate social services. Box 1.7 looks at the social determinants of health and a new vision of “healthy societies”.

The health and social risks of children

It has already been noted that the under-5 mortality rates of the transition countries offer a more favourable picture of human development in the region in the 1990s than do international rankings based on other economic or social indicators. In part, this reflects the health achievements inherited from the past and the success during the transition in preventing a major deterioration. Nevertheless, a significant dis-

parity in infant and young-child mortality rates remains in the region. Given that most child deaths are preventable, this needs to be addressed. Moreover, a wider range of indicators, such as child neglect and youth suicide, reveals that child welfare has been seriously compromised during the transition years.



Box 1.7

Social determinants of health

The view that health is the product of health care systems was especially common in Central and Eastern Europe and the USSR under state planning. It is ironic that mortality trends in the region are now widely quoted to underpin Western research arguing that health is determined by socio-economic factors to a much larger degree than has been generally supposed.

Epidemiological investigations have concluded that infection-related pandemics have receded in the industrialized world over the last two centuries more because of social, economic and environmental changes than because of medical breakthroughs. The latter often came too late to be responsible for the changes in health and disease patterns. The link between poverty and certain diseases (tuberculosis, respiratory diseases, malnutrition) has been clear for a long time. Education and life skills have also been increasingly recognized as “health assets”. More recently, research in industrial countries is broadening the range of social factors considered important.

Studies have found correlations between the degree of income disparity in a society and health status. It has been claimed that life skills have a positive health impact not only by helping an individual avoid material deprivation (such as of food and shelter) and biochemical risks (such as from germs and poisons), but also through psychosocial factors. For example, coping skills are strongly associated with a lower risk of cardiovascular diseases and contribute substantially to the explanation of socio-economic gradients in health status.

Psychosocial factors, rather than only material rec-

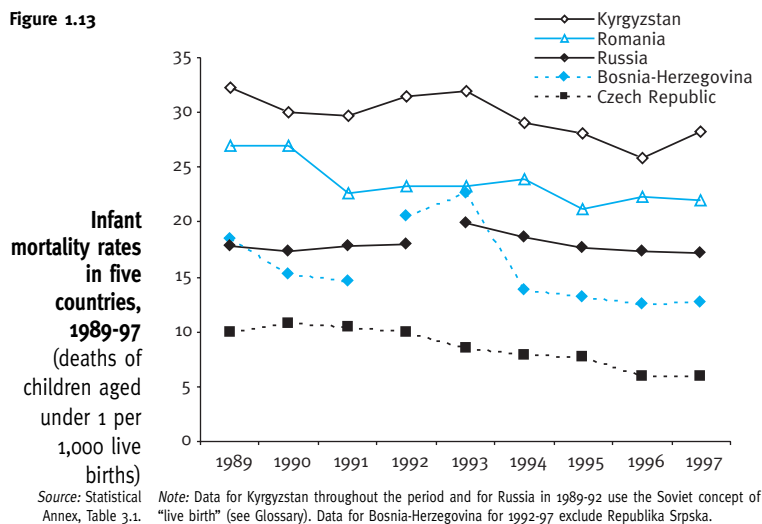
iprocity or the sharing of knowledge, may explain why the strength of family ties and social networks based on trust – referred to as “social capital” – is an important determinant of individual health. Surveys in the United States, for example, have found that markers of social cohesion, collective efficacy and residential stability, measured at the neighbourhood level, are strong predictors of homicide, crime and violence.

This broadening in the approach to health issues in the West has been motivated by both the high expectations of citizens for lifelong good health and the rising costs of meeting these expectations through a cure-driven health care system. (Research in the United Kingdom and the United States has shown that only about one-fifth of health care interventions actually improved health.) Most important, however, is the growing recognition that health promotion and disease prevention are more efficient and effective than medical treatment in raising the overall health of a population. (Reports have found that 70 percent of medical and health care interventions in the United Kingdom addressed preventable conditions.)

These findings suggest that maintaining good access to health services and improving the quality of health care may be important investments for the transition countries. However, to be truly successful, these investments must be built upon a broad health foundation that includes better access to good nutrition, sufficient information, proficient life skills, and the cultivation of cohesive social networks and a supportive social environment.

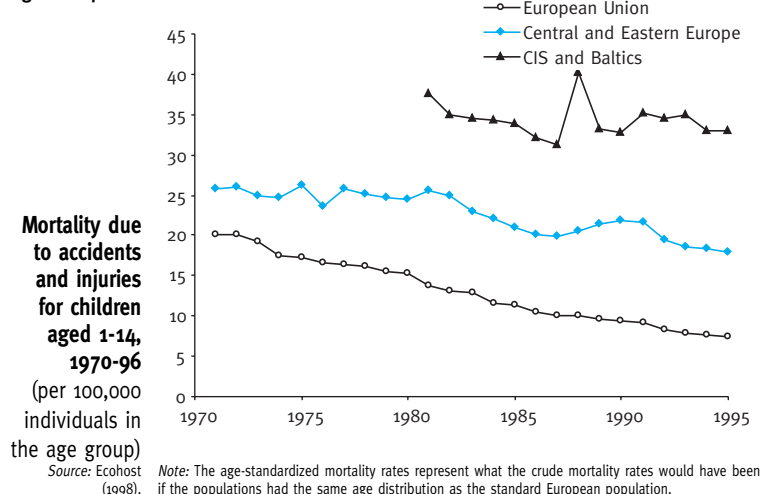
Figure 1.13 provides an update on changes in the infant mortality rate (IMR) since 1989 for selected countries. The disparity in the region is apparent. For example, in 1989, Czech babies faced three or four times less risk of death than did Kyrgyz infants. Changes in the Czech rate are typical for Central European countries in transition – some initial increase followed by a steady decline. However, in other parts of the region, the IMR has been more resistant to improvement. In Russia, infant mortality peaked in 1993-94 and has subsided to slightly below 1989 levels. (It should be noted that Russia moved from the Soviet definition of “live birth” to the WHO concept in 1993.)

Figure 1.13



The IMR shot up in Bosnia-Herzegovina in 1992-93. The large fall in 1994 – a year before the end of the war – presumably reflects worsening registration among high-risk groups rather than actual improvement. International efforts to save children and women by transporting them to other countries may have played a role as well. Although rates declined in Kyrgyzstan over 1994-96, there is reason to think that an increasing share of infant mortality is not being registered there and in some other parts of the region. In neighbouring Kazakhstan, a 1995

Figure 1.14



study carried out through the National Institute of Nutrition found that the infant mortality rate was substantially higher and showed somewhat less decline than indicated by official data from the Ministry of Health.

In conclusion, although measurement problems blur the picture, increases in the IMR appear generally to have been contained over the transition, and, in a number of countries, improvements have taken place. In part, this may be associated with a large decline in the total number of newborns. In 1989-97 the number of infants born annually decreased from 6.9 million to 4.7 million – a more than 30 percent decline on average – relieving some of the pressures on parents and existing health services.

For different reasons, child mortality rates have also shown relative stability during the transition period. In 1997, in 17 of 22 countries for which data on 5-19 mortality were available, rates showed stability or fell compared to 1989. (See Statistical Annex, Table 3.4.) However, the rates exhibit considerable variance across the region, and there is still much room for improvement. Many of the deaths are preventable since they are caused by accidents and injuries, a serious and under-recognized problem in the transition countries.

As a recent study has explored, mortality rates from external causes (rather than illness) among children and adolescents are 2-2.5 times higher in Central and Eastern Europe than they are in the European Union, and 4-5 times higher in the Commonwealth of Independent States. This gap has existed for a long time and shows no evidence of diminishing, as Figure 1.14 shows.

Table 1.2 presents mortality rates due to external causes by gender for four age groups in Central and Eastern Europe, the CIS and the Baltics, using European Union data as a benchmark. While patterns by age and gender are similar across these sub-regions, the difference in mortality levels between the European Union and the transition region is striking, especially in the case of children under age 10 in the CIS and the Baltics.

Adolescents, especially boys, have a high risk of dying from injuries and accidents; in fact, in this age group, external causes are the leading factors in death. In the case of boys aged 10-19, reducing mortality rates from accidents and injuries to the EU level would close the survival gap with the EU entirely in Central Europe, by more than 90 percent in the Baltics, and by more than 80 percent in the western CIS (Russia, Belarus and Ukraine). In the southern parts of the region, smaller reductions of 20-65 percent would be achieved (largely due to the greater incidence of communicable diseases), but, in absolute terms, the number of children saved would be high. Overall, if mortality rates from accidents and injuries in the transition countries had been reduced to the EU average during the 1990s, there would have been 30,000 fewer deaths of children and youths every year. This represents about 31 percent of all deaths among those aged 1-19 in the transition countries.

Addressing health and social risks for children in the region requires the development of a new relationship among families, the public and non-governmental institutions caring for and educating children. The child protection systems inherited from the communist era addressed risk largely by having the state “rescue” children from what was seen as poor parenting and placing them in big centrally directed institutions. It has been clear from the beginning of the transition that social reforms must promote the responsibility and capacity of families to care for their children.

The fourth Regional Monitoring Report revealed that institutional care of high-risk children was still prevalent across the region after transition began. In a context of no new types of support or alternatives, the percentage of children left without parental care and placed in institutions has increased. At the same time, the sharp decline in state funding has caused the quality of institutional care, already scandalous in some countries, to deteriorate. In a few countries, such as Moldova or Georgia, the public child-protection system has virtually collapsed.

Figure 1.15 shows changes in the proportion of children aged 0-3 placed in infant homes. This indicator is sensitive to short-term changes in the social environment and is a telling measure of the state of child protection reform because alternatives to institutionalization at this young age are both highly preferable and relatively easy to secure. The graph shows the trend in 1989-95 presented in the fourth Regional Monitoring Report and updates the picture with 1997 data which reveal that the proportion of young children in institutional care has risen even higher in almost all countries for which information was available.

In the worst case, Estonia, the rate of institutionalization had risen 80 percent by 1995 and more than doubled by 1997. With the exception of Hungary, which has initiated comprehensive reforms, institutionalization rates have worsened, often alarmingly, since 1995. Table 8.1 in the Statistical Annex shows that, despite the larger increases in many other countries, Bulgaria still has the highest proportion of children in infant homes, followed by Romania and Latvia.

Other data confirm the disheartening evidence of growing family vulnerability and the difficulties in “de-institutionalizing” children. In Romania, after some initial decline, the number of children in homes and orphanages in each of the last four years has remained above 50,000, and the number placed with foster parents grew from 7,549 to 10,999 in 1996. In Russia, the steady rise in the numbers of children “left without parental care” (Figure 1.16) drove up the total number of children in institutions. 1997 data suggest that there

Table 1.2

Externally caused mortality rate compared to the European Union, 1992-93

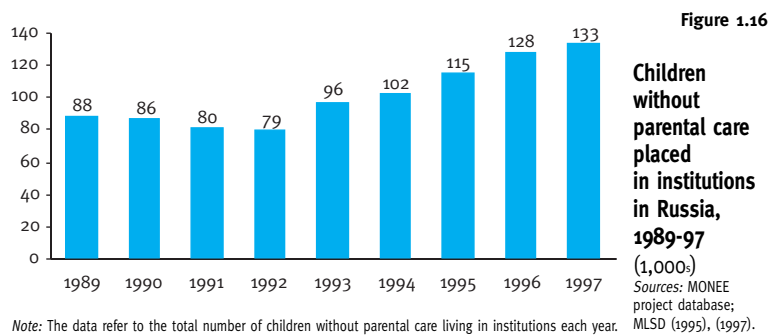
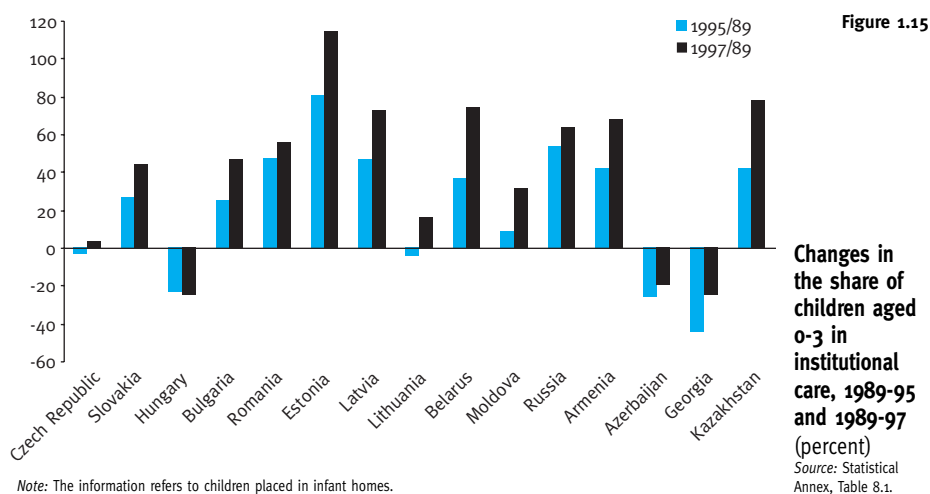
(by age group, European Union=1.0)

	1-4 years		5-9 years		10-14 years		15-19 years	
	Male	Female	Male	Female	Male	Female	Male	Female
Central and Eastern Europe	2.5	2.5	2.5	2.4	2.1	1.6	1.2	1.1
CIS and Baltic States	5.0	5.2	5.1	4.5	4.0	3.0	2.5	2.5

Source: Ecohost (1998).

were further increases in the number of children separated from their families. Although the total number of children in institutions stopped growing that year, the number of children placed with guardians (usually a grandparent) grew by 15,500, and the number of international adoptions shot up from 3,251 to 5,730. The data suggest that current efforts to reform child protection systems have had little impact on the high rates of children who live without their parents. At best, some progress has been made in placing children in alternative environments rather than in institutions.

Earlier Regional Monitoring Reports called attention to increases in youth suicide in the region. For example, suicide rates among young males grew by 62 percent



in the Czech Republic, 56 percent in Lithuania and 77 percent in Russia in 1989-95. Recent data suggest there has been little improvement in the last few years.

The total number of youth suicides in Russia fell in 1996, after peaking at 2,930 cases in 1995, but rose again in 1997. A similar pattern has been documented in FYR Macedonia, Bulgaria, Estonia, Lithuania, Moldova, and Kazakhstan. (See Statistical Annex, Tables 3.7 and 3.8.) These findings underline the need for young people to receive more support from families, social networks and services. Social cohesion is an important determinant of health, and youth suicide is a sensitive indicator of the state of social bonds.

The evidence above highlights risks that should be addressed with urgency in the transition countries. In many cases, prevention programmes are non-existent, weak, or poorly coordinated. International donors and institutions could help out through research and advocacy, by supporting the development of local capacity and by facilitating linkages and partnerships with countries, inside and outside the region, where effective prevention strategies have been implemented.

Changes in education

Universal access to basic education for both girls and boys was a noteworthy achievement of the communist period. Good international marks in literacy and education enrolment – primary, secondary and tertiary – improved the human development standing of the region. The strong legacy of these education systems is sometimes striking. A 1995 international survey of learning achievement among 13-year-olds in 41 countries ranked the Czech Republic 2nd in science and 6th in maths, compared to ranks of 18th and 23rd for Germany and 17th and 28th for the United States. Russia and several other former communist countries also scored well, although others, such as Romania, did not.

Earlier in this chapter, it is noted that the command economies of the communist era promoted the significant participation of women in the workforce and that there was considerable progress in achieving gender equality in education. A strong commitment to educational opportunities for girls and boy exists in all countries of the region. Enrolment rates in basic education remained relatively

high in Central Europe and many other countries after 1989 with little evidence of a gender gap appearing. Recent studies in the Baltics, however, reveal that a significant share of children either do not start school at the compulsory age, or do not finish school.

There is some evidence of larger declines in enrolment, especially in the countries of the former Yugoslavia, the Caucasus and Central Asia, but less-stringent population registers and under-reporting (often due to ethnic hostilities), as well as methodological changes, make it difficult to review the situation. The available data, however, still do not suggest any systematic gender gap. For example, in 1997, 251,000 girls and 256,000 boys were enrolled in basic education in Armenia, and 467,000 girls and 480,000 boys in Turkmenistan. Some anecdotal evidence points to cases in Central Asia where the education enrolment of girls is lower than that of boys, especially in rural areas.

There is a more marked gender difference in secondary school enrolment, but this favours girls. Enrolment in general secondary education – where girls have been over-represented in the past – increased in all countries, except in Moldova and the countries of the Caucasus and Central Asia. On the other hand, many fewer students are enrolled in technical and vocational schools (a traditional male preserve).

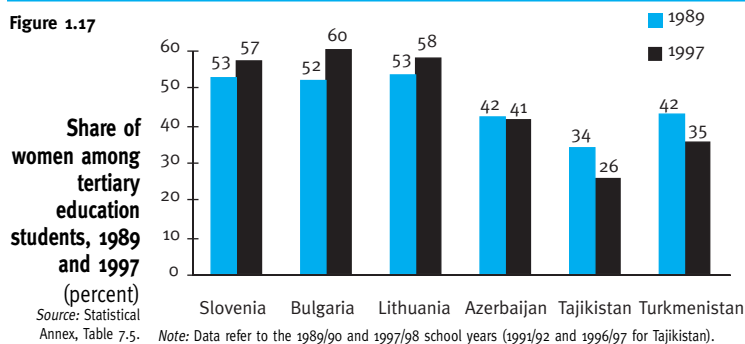
Figure 1.17 shows that in countries where females had a high share of enrolment in tertiary education this share has increased. However, where this share was lower, as in some countries of the Caucasus and Central Asia, it has tended to decline since 1989. Some sources suggest that, in these countries, women from rural areas, in particular, now have a relatively poor chance of receiving tertiary education.

While recognizing past progress and current efforts in education, the fifth Regional Monitoring Report stressed the need for educational reforms across the region. To maintain their comparative “knowledge” advantage under the new market conditions, the transition countries have much to do to strengthen the equity and efficiency of their education systems. In many countries the system that produced the relatively positive education picture of the 1990s is now “running on air”.

In Russia, real government expenditures on education in 1997 were less than one-third of those in 1990. About half the unpaid wage bill from federal and regional budgets and almost all strikes occurred in the educational sector. In Bulgaria and Kyrgyzstan, only one-quarter of former funding levels for education were secured in 1997, and, in Georgia, slightly over one-tenth. Staff numbers remained stable or even increased in most countries, but these levels may be hard to maintain with shrinking state resources and teachers who are often demoralized by low pay and wage arrears.

Under these conditions, parent and community involvement in and funding of pre-school, extra-curricu-

Figure 1.17



lar, remedial, and leisure programmes have proved crucial in many cases to sustaining vigorous schools – even though there is often no commensurate participation in school decisions and affairs. Parental and community involvement in early childhood education is especially important because, as later chapters discuss, state-run and workplace nurseries and kindergartens have been cut back massively in many countries.

1.4 Commitments to Women's Equality

As the preceding sections make clear, the process of transition in this region of the world is the profound process of reforming the relationships among individuals, society, the economy, and the state. The transition countries have the opportunity to adopt the “best practices” of the 20th century's most successful nations, which, in short, means embracing democratic government, a liberalized marketplace and concern for human rights. Linking political, social and economic reforms together is a challenge, but it is the fundamental architecture of rights-based human development. This section examines the status of women's rights as human rights in the transition countries on the basis of the implementation of the 1979 UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). Advancing equality for women involves expanding the choices available to women, and, it is understood, advancing equality for women entails broader benefits for children, men and society.

Implementing CEDAW

Under communism, women were guaranteed equal rights in the law, and the governments of the region signed and ratified CEDAW. (See Box 1.8 for a summary of CEDAW.) However, the participation of the communist countries in the international process to review compliance and enforcement of CEDAW within their borders was largely ceremonial. Under communism – where ideology, politics, government, law, the economy, and society were fused – there was only one place for rights to reside: in the state. In practice, human rights were not recognized as inherent and inalienable individual rights, but treated as collective rights best expressed through the instrument of the state. In this monolithic environment, many of the most fundamental human rights, including the right to form civic associations, were denied.

The desire to enjoy individual human rights was one of the primary engines behind the collapse of communism, and integrating human rights into the foundation and every aspect of these new societies is an overarching goal. The fact that, by August 1998, all 27 post-communist countries of the region had signed and ratified both CEDAW and the Convention on the Rights of the Child is important. These countries can now fully participate in the international

Promoting and supporting the capacity of parents to provide for and raise their families require a commitment to gender equality. When women endure inequality, so do children, especially girls. In this light, the last section of this introductory chapter reviews the political commitments of countries to women's equality – an important area of transition-related reforms in the region. ■

processes that monitor compliance with these rights covenants. These processes can be invaluable in measuring progress, pointing out shortcomings and recommending remedies. This is the work of the monitoring committees, elected bodies of independent experts who review national reports prepared by participating countries.

Since 1989, the CEDAW Committee has reviewed 16 national reports on the elimination of discrimination against women from countries in the region. (See Table 1.3.) The committee commended countries for their efforts to date, especially given the tremendous difficulties of the transition, including economic hardship and war. At the same time, it drew attention to some of the major challenges that remain for the full implementation of the Convention throughout the region. The committee's main findings – based on 12 reports reviewed between 1994 and 1998 – are examined below. These relate to adequacy of legal equality and government machineries, to cultural images and patterns around the role of women, and to violations of fundamental rights.

Laws and government machinery promoting equality

The CEDAW Committee concluded that, despite constitutional affirmations that women and men are equal in the eyes of the law, women do not actually have de jure equality in most of the countries reporting. This is because there is no clear definition of discrimination in constitutions or laws, and there are few mechanisms to strengthen the prosecution of discriminatory actions against women. Moreover, the revised laws do not reflect an understanding of indirect and structural discrimination – which is behind de facto inequality – and of the concept of temporary special remedies. For example, labour laws in many countries still prohibit women from performing certain types of heavy work and dangerous occupations, and this restricts women's economic opportunities and does little to improve the working conditions of men.

The committee also found elements of structural discrimination in family laws among the countries reporting. The rules of joint property in the Czech Republic and Azerbaijan do not adequately support women in divorce

The UN Convention on the Elimination of All Forms of Discrimination against Women

The preamble of the Convention notes that:

- women and men have the equal right to enjoy all economic, social, cultural, civil, and political rights;
- discrimination against women hampers not only women's participation in and contribution to the political, social, economic, and cultural life of their countries, but the growth in the prosperity of society and the family;
- welfare of the world and the cause of peace require the maximum participation of women on equal terms with men in all fields;
- a change in the traditional role of men, as well as the role of women, in society and in the family is needed to achieve full equality between women and men.

Basic rights

Article 1 defines discrimination against women as “any distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women irrespective of their marital status, on a basis of equality of men and women, of human rights and fundamental freedoms in the political, economic, social, cultural, civil or any other field.”

Article 2 makes it clear that signatory states agree to pursue, without delay, a policy of eliminating discrimination against women in all its forms. The government must make equality a legal reality by embodying it in the constitution, establishing legal protection of the rights of women, including tribunals and other mechanisms, and adopting appropriate legislation and other measures, including sanctions, to prohibit discrimination.

Article 3 says governments shall take “all appropriate measures, including legislation” in all fields to ensure the full development and advancement of women towards equality. Specifically noted are measures to modify conduct based on the idea of the inferiority or superiority of either of the sexes or on stereotyped roles for women and men, to ensure that family education recognizes the social contribution of mater-

nity and the common responsibility of men and women in the upbringing and development of their children, and to suppress “all forms of traffic in women and exploitation of prostitution of women”.

Public life

Part II focuses on the elimination of discrimination against women in the political and public life of the country. This includes the right to vote and to hold public office and perform all public functions at all levels of government. It ensures the right of women to participate equally in the formulation and implementation of government policy and to participate in non-governmental organizations and associations concerned with the public and political life of the country. Governments must also ensure that women have equal opportunity to represent their governments internationally and to work in international organizations.

Education, employment, health

The articles of Part III pertain to the economic and social equality of women. Article 10 considers equal rights for women in education. Article 11 states all people have the right to work and women should enjoy equal opportunities, free choice, equal pay, social security, and employment protection in case of pregnancy. Importantly, it requires measures which encourage social service supports that enable parents to combine family obligations with work responsibilities and participation in public life, particularly the development of childcare facilities. Article 12 agrees that equal access to health care includes family planning services.

Civil liberties

Article 15 states women shall be accorded “equality with men before the law”, including all civil matters such as concluding contracts, administering property and the freedom to choose residence. Article 16 states that women have equal rights in all matters relating to marriage and family relations, including the right to choose a spouse, to enter and to leave a marriage, and to make decisions about children.

situations or in non-marital unions. Laws in Bulgaria, Ukraine and Armenia actively discriminate against women and fail to protect the rights of the girl child by explicitly permitting a lower legal age of marriage for girls than for boys. Relatively early ages for marriage and child-bearing are common across the region and, as Chapter 3 of this Report explores, have implications for young women's autonomy.

Violence against women is a major problem in the region, as it is around the world, and violence, in general, has increased during the transition. Chapter 5 of this Report provides detailed analysis of this subject and con-

firms the CEDAW Committee's finding that, in the countries reporting, legal and judicial responses to violence against women tend to be inadequate.

In reforming the role of the state in the transition countries, the government has a crucial part to play in promoting equality among citizens, including advancing equality between women and men. Given the oppressive role of the state in these former communist countries, there is now great sensitivity, even an allergy, to state intervention in social norms and values. However, as the Platform for Action of the 1995 Fourth World Conference on Women, held in Beijing, clearly states, government

machinery and institutional mechanisms are essential for the advancement of women's equality.

At the time of the CEDAW review, a government capacity dedicated to implementing, coordinating and monitoring commitments on equality for women was non-existent in the Czech Republic, Hungary, Croatia, Bosnia-Herzegovina, FR Yugoslavia, and Armenia and present but limited in effectiveness in the other countries. In some instances, such as in the Czech Republic, Slovakia and Hungary, the state places responsibility for equality on individual women, an abdication of state responsibility. The CEDAW Committee criticized Hungary for stating women's issues are not a priority during the transition and reminded its government that meeting women's human rights is central to solving transition-related economic and social crises. (As Chapter 6 notes, some countries, including Hungary and the Czech Republic, have since set up agencies on gender equality.)

The committee found that many of the governments reporting lacked a clear understanding of their responsibility under CEDAW to take affirmative action measures in the short term that enable women and men to overcome systemic barriers to equality. Although there is resistance to fixed quotas for women's representation – a largely decorative and derided feature of the communist political system, there are many other, less controversial ways governments can engage in positive discrimination that promotes equality. Chapter 6 takes a closer look at the whole issue of the importance of women in decision making – in government, business and civil society.

One of the main purposes of this Report is to analyse gender-disaggregated data from the region, because these data are the hard evidence that underpins the story of women and the transition. The Beijing Platform for Action recognized that the collection of such data is essential to the development of government programmes and policies that meet the real needs of women. The CEDAW Committee concluded that such data are frequently missing in the region, especially those that would allow an analysis of gender inequality within families and in the workplace and those related to the health and safety of women. Certainly, a lack of data on the causes and extent of violence against women obstructs progress on this pressing issue.

Lack of legislative and government support for women's equality has also inhibited the development of

Table 1.3

Status of CEDAW in the transition countries

(as of 1 March 1999)

Country	Date of ratification, accession, or succession to CEDAW		Date last report considered by the CEDAW Committee
	Date	Note	
Central Europe			
Czech Republic	February 1993	a, b	January 1998
Slovakia	May 1993	b	June 1998
Poland	July 1980	c	1991
Hungary	December 1980	a	January 1996
Former Yugoslavia			
Slovenia	July 1992	b	January 1997
Croatia	September 1992	b	January 1998
FYR Macedonia	January 1994	b	n/a
Bosnia-Herzegovina	September 1993	b	January 1994 d
FR Yugoslavia	February 1982	e	January 1994 d
Southeastern Europe			
Albania	May 1994	f	n/a
Bulgaria	February 1982	a	January 1998
Romania	January 1982	c	1993
Baltic States			
Estonia	October 1991	f	n/a
Latvia	April 1992	f	n/a
Lithuania	January 1994	f	n/a
Western CIS			
Belarus	February 1981	a	1989 g
Moldova	July 1994	f	n/a
Russia	January 1981	a	January 1995
Ukraine	March 1981	a	January 1996
Caucasus			
Armenia	September 1993	f	July 1997
Azerbaijan	July 1995	f	January 1998
Georgia	October 1994	f	n/a
Central Asia			
Kazakhstan	August 1998	f	n/a
Kyrgyzstan	February 1997	f	January 1999
Tajikistan	October 1993	f	n/a
Turkmenistan	May 1997	f	n/a
Uzbekistan	July 1995	f	n/a

Source: CEDAW website (<http://www.un.org/womenwatch/daw/cedaw>).

Note: CEDAW = Convention on the Elimination of All Forms of Violence against Women. a. Reservation subsequently withdrawn. b. Succession. c. Declarations or reservations. d. Oral reports submitted on an exceptional basis. e. Former Yugoslavia. f. Accession. g. New report submitted in 1993. n/a. No report yet considered.

the community of non-governmental organizations, an essential pillar of and primary player in women's equality. Internationally, the NGO sector has expanded its role as advocate and activist for women's rights to become a powerful civic partner of governments – advisor, as well as critic. The CEDAW Committee reminded governments that they have a responsibility to facilitate the establishment of a network of NGOs, which are often short of technical and financial resources. It noted the decline of

NGOs since 1989 in the Czech Republic and called on governments in Hungary, Croatia and Bulgaria to increase the involvement of NGOs in their national machineries.

The participation of women in decision making is essential for advancing women's equality, as Chapter 6 shows, but women are largely excluded from politics and government decisions in these countries – a situation that has worsened during the transition. The CEDAW Committee has highlighted this as a serious obstacle to women's equality for all 12 transition countries of which the CEDAW reports form the basis of the review. It did commend Hungary for including instruction on human and women's rights in all primary and secondary schools and universities.

Persistent gender stereotypes

The CEDAW Committee pointed out that pervasive gender stereotypes and systematic cultural patterns in the region impede the implementation of the Convention in the region. It cited all 12 countries for a failure to address gender inequality in the home and found that governments tended to perceive women as mothers within the context of families, rather than as individuals and independent actors in the public sphere. This stereotypical view of women lies at the root of many of the discrepancies between de jure and de facto equality in the countries reviewed, the committee concluded. It called on all the countries to deal with ingrained patriarchal attitudes and to take active measures to eliminate the tendency to view women primarily as mothers and wives.

The committee found that sex-segregated schools, curricula and textbooks, and the media still encouraged gender stereotyping, notably in the Czech Republic, Slovakia, Slovenia, Bulgaria, and Russia. It called for creative measures, especially in the media, to portray women in a more representative and expansive manner, showing women as direct actors in all aspects of society at all ages and stages of their lives.

1.5 Conclusions

This chapter illustrates that – given their economic output – the transition countries have impressive assets in human capabilities, gender equity and child development. However, development remains uneven in the region in many ways – geographically, economically and socially. This is due, in part, to weak or rigid social and economic institutions inherited from the past – infrastructure that is bloated in some areas and sparse in others, notably at the grassroots of society. Still, it is clear that during the transition the economic and social achievements of the countries of Central and Eastern Europe and the former Soviet Union have fallen short of expectations, and, in many cases, serious deterioration has taken place.

Violation of rights

The CEDAW Committee drew attention to the continuing and, in some cases, worsening violations of women's rights throughout the region. It stated emphatically that women's rights were being threatened by what it described as the alarming incidence of poverty. It found that many countries have failed to take measures to assist unemployed and rural women or to support entrepreneurship among women. Women's rights have also been violated by the deterioration in their health and in health care systems since the onset of the transition, according to the committee, especially in Hungary, FR Yugoslavia, Russia, Armenia, and Azerbaijan. It cited levels of infant or maternal mortality as a concern in Croatia, FR Yugoslavia, Bulgaria, Ukraine, Armenia, and Azerbaijan and commented on the lack of adequate access to reproductive health care, including family planning.

The committee cited violence against women, the subject of Chapter 5 in this Report, as one of the most overt violations of women's rights in the region. In almost every case, it called for greater efforts to combat violence against women, to enact laws that adequately address the issue and to support victims. It stated that current laws are inadequate to deal with the growing volume of prostitution and trafficking of women. Also of particular note is the targeting of civilian women for ethnic cleansing, forced pregnancies and systematic rapes in wars and ethnic conflicts in the region, including in Croatia, Bosnia-Herzegovina, FR Yugoslavia, Armenia, and Azerbaijan.

Some groups of women are especially vulnerable to rights violations. Refugee and displaced women in Hungary, Croatia, Bosnia-Herzegovina, FR Yugoslavia, Armenia, and Azerbaijan were not being adequately supported, the committee found. It also called attention to the exclusion of minority women and children and of women and children with disabilities in Hungary, Croatia, Bosnia-Herzegovina, FR Yugoslavia, Bulgaria, Ukraine, and Armenia. ■

While documenting the growing disparity in the economic and social indicators of countries, the analysis does find some encouraging signs. Economic growth is on the upswing in most countries, and in some countries the economies are not only more flexible and efficient than in 1989, but bigger. The sudden and shocking drop in life expectancy in the region has proved to be temporary or moderate not only in Central Europe, which leads in economic recovery, but often also in the region's southern countries which are still in economic difficulty. Education indicators have, for the most part, shown remarkable resistance, and despite problems in numerous areas tertiary enrolment has increased in many countries.

These much-anticipated and long-awaited signs of success are not only the result of years of political and government endeavour, but the fruit of extraordinary and often unheralded effort by individuals and communities.

The broader economic trends and structural changes reviewed have significant, though mixed, implications for the economic independence, security and status of women across the region. The substantial drop in real wages creates pressure for two-income households and, thus, high female participation in the labour market. Yet, there is less job security and fewer jobs, for which women must compete with each other, as well as with men. At the same time, increases in wage inequality and higher costs for childcare may promote the one-earner household model, and, given the gender gap in wages, women are likely to be the ones who stay home. The success of some countries in modernizing industry and developing the service sector may actually lead to a more open and competitive marketplace in which women can rise. In other countries, the growing significance of sectors traditionally dominated by men, such as agriculture, may close rather than open doors for women. Chapter 2 explores how the emergence of a labour market has affected the employment and earning position of women during the transition, revealing often surprising results.

The social changes reviewed in this chapter suggest that the transition has had an enormous impact on the private and public dimensions of women's lives. Growing poverty, especially child poverty, indicates the tremendous pressures that are straining the capacity and

resources of women. This stressful and unsettled environment is also influencing women's decisions about whether and when to get married and have children, with important demographic implications, which Chapter 3 explores. On the bright side, enrolment in education remains equitable for girls and young women.

The rise in adult mortality that has accompanied the stress of transition has killed more men than women. However, women's health has also been adversely affected, as Chapter 4 discusses in detail, and often, as Chapter 5 explores, the health toll is violence at the hands of women's own spouses and partners. The higher number of children abandoned by parents or placed in the care of the state and the increase in youth suicides are also powerful indicators of the stress on families.

The review of the findings of the monitoring committee of the Convention on the Elimination of All Forms of Discrimination against Women raises questions about whether the prospects for rights-based development in the region are as bright as suggested by the international development rankings. While the broad legal framework for equality seems to be in place in the transition countries, there is still much to do in terms of making the spirit of the law a daily reality in the workplace, the family and the community. Progress on gender equality can accelerate the success of the transition and ensure that women, men and children get a fair share of the opportunities. It is therefore of great importance that these issues be thoroughly explored and that the voice of women be heard in all the countries in transition. ■